

**Opening Statement of
Chairman Henry J. Hyde
Before the Full Committee Hearing
“Asian Free Trade Agreements: Are They Good for the USA?”**

Thursday, July 20, 2006, 10:00 a.m.

Ambassador Bhatia, we are pleased to have you here today. You are a well-known expert on U.S. trade policy, particularly with regard to Asia. Details of your recent trip to that region, including visits to Taiwan, Vietnam and India, are of particular interest to Members of the Committee. You reportedly have been the highest-ranking Administration official to visit Taiwan in the last six years, so your insights on trade relations with Taiwan should be particularly timely. And this would be a good time to mention that I am a strong supporter of negotiating a free trade agreement with Taiwan.

There is also an immediate trade issue facing the Congress with regard to Vietnam. Your insights on that would be appreciated as well.

We all recognize that trade across the Pacific, in both volume and value, has long surpassed trade across the Atlantic. Such trade is the engine which drives the prosperity enjoyed not only by the people of the United States but by those who live along the Pacific Rim and throughout the world beyond. This new century is, indeed, the Pacific Century.

American consumers have become comfortable with products bearing labels reading, “Made in China,” or some other Asian locale, as long as the quality is good and the price is low. Visit any department store, any electronics dealer, or any discount store, and you will find labels reading, “Made in Korea,” “Made in Taiwan,” or “Made in India.” Buy a car, and it will likely have a Japanese or Korean product name.

It was a little disconcerting, I must admit, to learn that even the American flags passed out to spectators at the recent Fourth of July parade in Glenview, Illinois bore the label, “Made

in China.” One wonders, if we don’t make even the Stars and Stripes in the United States anymore, just what do we manufacture here? And what would Betsy Ross say?

At a Senate hearing in 1955, General Motors Chairman Charles Wilson, who went on to serve as President Eisenhower’s Secretary of Defense, made the oft-quoted remark, “What’s good for General Motors is good for the USA.” In truth, what Mr. Wilson actually said was, “What is good for the country is good for General Motors and vice-versa,” but the point was the same.

General Motors, of course, has fallen on hard times in the half-century since Mr. Wilson’s famous remark. The company announced last November that it is slashing thirty thousand jobs, and closing nine plants. Ford Motor Company followed suit in January, announcing a downsizing which will eliminate another thirty thousand jobs and will lead to fourteen factory closings.

Many of these lost manufacturing jobs are in the Midwest, a region of the country I represent. These lost jobs provided financial security to tens of thousands of Midwesterners who used the wages provided to achieve the American dream of buying their own home and sending their kids to college.

These are the Americans who feel that the globalization of the economy has left them behind. They wonder, for example, why we unilaterally opened our automobile market to South Korean manufacturers who, according to a Congressional Research Service report, sold 730,000 cars in the United States in 2005 while South Koreans bought only 5,800 cars from America. This lack of sales was reportedly largely due to a number of trade restrictions in effect in South Korea.

Mr. Ambassador, I have been a free trade advocate my entire Congressional career. But in this time of an exploding trade deficit with Asia, Americans are insisting that free trade must

also be fair trade. And, increasingly, they are wondering: Does more trade with Asia mean just more red ink for America? I note that our country is running a substantial trade deficit with all three Southeast and East Asian countries with which USTR is currently negotiating: Malaysia, South Korea and Thailand.

I note also that there were large demonstrations in Bangkok earlier this year and just last week on the streets of Seoul, expressing vehement opposition to FTA negotiations with the United States. Many opponents, of course, were farmers. But these demonstrators should realize that, if rice is Asia's sacred cow, automobiles are America's. We cannot sacrifice even a portion of our automobile industry if complete market opening, including the agricultural sector, is not guaranteed on the other side of the Pacific.

I would just like to make two additional points. First, it should be noted for the record that many in the Congress objected to the inclusion of certain business visa provisions in the FTA successfully negotiated with Singapore. Many saw that as an infringement upon Congressional prerogatives and a failure by USTR to keep its pledge of prior consultations with the Congress. Such bilateral trade agreements on visas open the door to further outsourcing of jobs which threatens America's workers. I would like USTR's guarantee today that the FTAs being negotiated with Malaysia, South Korea and Thailand will contain no such provisions.

Second, the provocative launch by North Korea of a series of missiles on American Independence Day should put to rest any suggestion that Americans will want to buy North Korean-made products from the Kaesong (**KAY-SONG**) Industrial Complex. We would appear foolish in the eyes of the world to open our market, even a crack, to a nation which threatens us and our allies with missiles and nuclear weapons and which continues to counterfeit our currency. I would like USTR's commitment today that there will be no Kaesong provision in the FTA being negotiated with South Korea.

Mr. Ambassador, the sparkle of the diamond of expanded free trade does not shine as

brightly in the halls of Congress as it once did. You certainly have your work cut out for you, compared with your predecessors, in making the case for more Asian Free Trade agreements. In general, I myself support free trade agreements, with some important qualifications. I look forward to hearing from you on how, 'What is good for free trade agreements is good for the USA.'

I now turn to my friend, Tom Lantos, the Ranking Democratic Member, for any remarks he may wish to make.